



## TEXAS DEPARTMENT OF INSURANCE

### Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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## MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

### GENERAL INFORMATION

**Requestor Name**

Sentrix Pharmacy and Discount, L.L.C.

**Respondent Name**

American Home Assurance Company

**MFDR Tracking Number**

M4-17-3121-01

**Carrier's Austin Representative**

Box Number 19

**MFDR Date Received**

June 23, 2017

### REQUESTOR'S POSITION SUMMARY

**Requestor's Position Summary:** "The transdermal scar gel filled by Sentrix Pharmacy and Discount, LLC was a compound billed on the appropriate form, itemized as requested (with 2 ingredients per compound on each page of the bill). The bill was 3 pages in total..."

Rx 14503-5 Transdermal Scar Gel – This cream consists of 6 ingredients.

Page 1 of the bill was for 2 ingredients: Sanare Gel and Propylene Glycol – total charges \$2072.02 (paid in full).

Page 2 of the bill was for 2 ingredients: Gabapentin and Fluticasone Propionate – total charges \$11,262.83.

Page 3 of the bill was for 2 ingredients: Naproxen and Methyl Salicylate – total charges \$58.93 (paid in full)."

**Amount in Dispute:** \$11,262.83

### RESPONDENT'S POSITION SUMMARY

**Respondent's Position Summary:** "Based on the submitted documentation, it is recommended that the bill be resubmitted with additional information needed for consideration and adjudication ... Page 2 of the bill was for 2 ingredients: Gabapentin and Fluticasone Propionate – total charges \$11,262.83. The [bill] in dispute was rejected prior to bill review because the claim/service lacks information which is needed for adjudication. Reject Date: July 27, 2016."

**Response Submitted by:** Dean G. Pappas, PLLC

### SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
July 8, 2016	Pharmacy Services - Compounds	\$11,262.83	\$11,262.83

### FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

## Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §133.2 provides definitions regarding medical billing.
3. 28 Texas Administrative Code §133.200 defines the actions of an insurance carrier regarding receipt of medical bills.
4. 28 Texas Administrative Code §133.210 sets out the documentation requirements for bill submission.
5. 28 Texas Administrative Code §134.502 sets out the procedures for pharmaceutical benefits.
6. 28 Texas Administrative Code §134.503 sets out the fee guidelines for pharmaceutical services.
7. 28 Texas Administrative Code §134.530 sets out the closed formulary requirements for claims not subject to certified networks.
8. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
  - 16 – Claim/service lacks information which is needed for adjudication. Add'l info is supplied using remittance advise remarks codes whenever appropriate.
  - 197 – Pre-authorization/authorization/notification absent

## Issues

1. Did the insurance carrier return the initial medical bill submission in accordance with 28 Texas Administrative Code §133.200?
2. Did the insurance carrier deny the disputed compound ingredients in accordance with 28 Texas Administrative Code §133.210?
3. Did the insurance carrier deny the disputed compound ingredients in accordance with 28 Texas Administrative Code §134.530?
4. Is Sentrix Pharmacy and Discount (Sentrix) entitled to reimbursement for the compound ingredients in question?

## Findings

1. Sentrix is seeking reimbursement of \$11,262.83 for ingredients in a compound dispensed on July 8, 2016. American Home Assurance Company denied the ingredients, Gabapentin and Fluticasone Propionate, in part with claim adjustment reason code 16 – “Claim/service lacks information which is needed for adjudication. Add'l info is supplied using remittance advise remarks codes whenever appropriate.”

Dean G. Pappas, PLLC, on behalf of American Home Assurance Company, stated, “The [bill] in dispute was rejected prior to bill review because the claim/service lacks information which is needed for adjudication. Reject Date: July 27, 2016.”

28 Texas Administrative Code §133.200(a) states,

Upon receipt of medical bills submitted in accordance with §133.10(a)(1) and (2) of this chapter (relating to Required Medical Forms/Formats), an insurance carrier shall evaluate each medical bill for completeness as defined in §133.2 of this chapter (relating to Definitions).

(1) **Insurance carriers shall not return medical bills that are complete** [emphasis added], unless the bill is a duplicate bill.

28 Texas Administrative Code §133.2 defines a complete medical bill as:

A medical bill that contains all required fields as set forth in the billing instructions for the appropriate form specified in §133.10 of this chapter (relating to Required Billing Forms/Formats), or as specified for electronic medical bills in §133.500 of this chapter (relating to Electronic Formats for Electronic Medical Bill Processing).

Review of the submitted documentation finds that Sentrix met the requirements of a complete medical bill. Further, no documentation was found to support that the bill had been returned to Sentrix as incomplete. For this reason, the division finds that American Home Assurance Company did not return the initial medical bill submission in accordance with 28 Texas Administrative Code §133.200.

2. Dean G. Pappas, PLLC also asserted “Based on the submitted documentation, it is recommended that the bill be resubmitted with additional information needed for consideration and adjudication.”

Documentation requirements for medical bills are established by 28 Texas Administrative Code §133.210, which does not require documentation to be submitted with the pharmaceutical bill for the services in dispute.

Further, the process for a carrier’s request for documentation not otherwise required by 28 Texas Administrative Code §133.210 is described in Subsection (d) as follows:

Any request by the insurance carrier for additional documentation to process a medical bill shall:

- (1) be in writing;
- (2) be specific to the bill or the bill's related episode of care;
- (3) describe with specificity the clinical and other information to be included in the response;
- (4) be relevant and necessary for the resolution of the bill;
- (5) be for information that is contained in or in the process of being incorporated into the injured employee's medical or billing record maintained by the health care provider;
- (6) indicate the specific reason for which the insurance carrier is requesting the information; and include a copy of the medical bill for which the insurance carrier is requesting the additional documentation.

No documentation was found to support that American Home Assurance Company made an appropriate request for additional documentation with the specificity required by §133.210(d). The division concludes American Home Assurance Company failed to meet the requirements of 28 Texas Administrative Code §133.210(d). The carrier’s denial for this reason is not supported.

3. American Home Assurance Company also denied the disputed compound ingredients with claim adjustment reason code 197 – “Pre-authorization/authorization/notification absent.”

28 Texas Administrative Code §134.530(b)(2) states that preauthorization is **only** required for:

- drugs identified with a status of “N” in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*, and any updates;
- any compound that contains a drug identified with a status of "N" in the current edition of the *ODG Treatment in Workers' Comp* (ODG) / Appendix A, *ODG Workers' Compensation Drug Formulary*, and any updates; and
- any investigational or experimental drug for which there is early, developing scientific or clinical evidence demonstrating the potential efficacy of the treatment, but which is not yet broadly accepted as the prevailing standard of care as defined in Labor Code §413.014(a).

The division finds that the ingredients in question do not include a drug identified with a status of “N” in the current edition of the ODG, *Appendix A*. American Home Assurance Company failed to articulate any arguments to support its denial for preauthorization. Therefore, the division concludes that the compound ingredients in question did not require preauthorization and American Home Assurance Company’s denial of payment for this reason is not supported. Therefore, the disputed compound ingredients will be reviewed for reimbursement.

4. 28 Texas Administrative Code §134.503 applies to the compound ingredients in dispute and states, in pertinent part:

(c) The insurance carrier shall reimburse the health care provider or pharmacy processing agent for prescription drugs the lesser of:

- (1) the fee established by the following formulas based on the average wholesale price (AWP) as reported by a nationally recognized pharmaceutical price guide or other publication of pharmaceutical pricing data in effect on the day the prescription drug is dispensed:
  - (A) Generic drugs:  $((\text{AWP per unit}) \times (\text{number of units}) \times 1.25) + \$4.00$  dispensing fee per prescription = reimbursement amount;
  - (B) Brand name drugs:  $((\text{AWP per unit}) \times (\text{number of units}) \times 1.09) + \$4.00$  dispensing fee per prescription = reimbursement amount;

- (C) When compounding, a single compounding fee of \$15 per prescription shall be added to the calculated total for either paragraph (1)(A) or (B) of this subsection; or
- (2) notwithstanding §133.20(e)(1) of this title (relating to Medical Bill Submission by Health Care Provider), the amount billed to the insurance carrier by the:
- (A) health care provider; or
- (B) pharmacy processing agent only if the health care provider has not previously billed the insurance carrier for the prescription drug and the pharmacy processing agent is billing on behalf of the health care provider.

The compound in dispute was billed by listing each drug included in the compound and calculating the charge for each drug separately as required by 28 Texas Administrative Code §134.502(d)(2). Each ingredient is listed below with its corresponding reimbursement amount as applicable.

Ingredient	NDC & Type	Price/ Unit	Total Units	AWP Formula §134.503(c)(1)	Billed Amt §134.503 (c)(2)	Lesser of (c)(1) and (c)(2)
Gabapentin 15%	58597801407 Generic	\$62.84	36.0 gm	\$2,827.80	\$2,262.21	\$2,262.21
Fluticasone Propionate 1%	58597827604 Generic	\$3,750.00	2.4 gm	\$11,250.00	\$9,000.62	\$9,000.62
					Total	\$11,262.83

The total reimbursement is therefore \$11,262.83. This amount is recommended.

### **Conclusion**

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$11,262.83.

### ***ORDER***

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor \$11,262.83, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

### **Authorized Signature**

	Laurie Garnes	December 1, 2017
Signature	Medical Fee Dispute Resolution Officer	Date

### ***YOUR RIGHT TO APPEAL***

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §133.307, effective May 31, 2012, *37 Texas Register 3833*, **applicable to disputes filed on or after June 1, 2012.**

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed. **Please include a copy of the Medical Fee Dispute Resolution Findings and Decision** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**